

Economic Impact Statement

LSA Document #15-258

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

Under both state and federal law, the feeding of untreated garbage to swine is prohibited due to the risk of transmission of diseases, such as foot and mouth disease. Under the federal Swine Health Protection Act, a company would be authorized to produce a swine feed product as "treated garbage" provided that they treat the garbage by handling and cooking it according to federal standards. However, Indiana law only allows garbage to be fed to swine if it is a "rendered product", which is protein meal, grease, or tallow product that must be heated to a higher temperature. The federal regulations similarly authorize the feeding of "rendered product", but have additional provisions for "processed product" and "treated garbage" to be fed to swine, which are absent from the state law.

In the 2015 legislative session, legislation was passed that amended [IC 15-17-10-16](#) to align the state's prohibition of feeding of garbage to swine with federal law. Pub. L. No. 133 (May 4, 2015), Pub. L. No. 202 (May 5, 2015). The legislation passed the General Assembly and retains the prohibition on feeding of garbage to swine, but authorizes the Indiana State Board of Animal Health (BOAH) to issue permits for a person to treat garbage so that it may be fed to swine and to adopt rules prescribing the forms of treatment that will mitigate disease risk. The purpose of the proposed rule is to amend BOAH's rule pursuant to this authority.

1. Description of Affected Industry

Currently there are no facilities treating food waste to be fed to swine. BOAH has provided information on the proposed rule to entities that have expressed an interest in treating garbage to feed to swine. Businesses interested in treating garbage for swine feed may include small businesses under the definition at [IC 4-22-2.1-4](#).

2. Estimated Annual Reporting, Record Keeping, and Other Administrative Costs

The proposed rule includes record keeping requirements for entities that obtain a license to treat garbage for swine feed. The proposed rule requires licensed facilities maintain records regarding garbage treatment. The proposed standards are the same as the federal standards. BOAH does not anticipate that these requirements will result in significant administrative costs for these businesses.

3. Estimated Total Annual Economic Impact on Small Businesses

This rule does not increase compliance costs for regulated entities. Rather, by amending current requirements, it has the potential to lower compliance costs for an individual seeking to recycle food discards through production of a dry swine feed. For example, under the former version of the rule, the facility would have to heat the product to a higher temperature and according to other standards for a "rendered product". This outdated language essentially prohibited the production of "treated garbage", which is an entirely different category of material under the federal regulations. It is both impractical and cost prohibitive to require food discards to be treated under the standards for a rendered product. In addition, the changes in the proposed rule provide flexibility for an applicant to demonstrate to the state veterinarian that an alternative process provides an equivalent level of inactivation of disease organisms, which presents opportunities for cost savings.

4. Justification of Requirements**a. Compliance with Federal Law**

The proposed rule aligns Indiana rules with federal treatment standards under the Swine Health Protection Act. (Pub. L. 96-468) and 9 CFR 166 (2015).

b. Compliance with State Law

In the 2015 legislative session, legislation was passed that amended [IC 15-17-10-16](#) to align the state's prohibition of feeding of garbage to swine with federal law. Pub. L. No. 133 (May 4, 2015), Pub. L. No. 202 (May 5, 2015). The legislation authorizes the BOAH to adopt rules to implement the statute. The purpose of the proposed rule is to amend BOAH's rule pursuant to this authority.

c. Justification of Requirements not Mandated by State or Federal Law

The proposed rule does impose record keeping requirements beyond what is expressly required by state and federal law.

5. Regulatory Flexibility Analysis

The proposed rule expands the options available for persons wanting to process food waste into swine feed while mitigating disease risk to swine. The proposed rule aligns Indiana rules with federal standards. Indiana rules may not be less stringent than the federal standards. Therefore, BOAH did not consider other options for these standards.

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